

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OHIO

UNITED STATES OF AMERICA,	)	
	)	Case No. 22-cv-2306
Plaintiff,	)	
	)	
v.	)	
	)	
HALO INVESTMENTS, LLC,	)	
	)	
Defendant.	)	
_____	)	

**COMPLAINT**

Plaintiff, the United States of America, by its undersigned counsel, at the request of and with the authorization of a delegate of the Secretary of the Treasury and as directed by a delegate of the Attorney General, brings this complaint, pursuant to 26 U.S.C. §§ 7401 and 7403, to determine that transfers of eleven parcels of real property located in Cuyahoga County, Ohio from C-2000, Inc. to Defendant, Halo Investments, LLC were fraudulent as to the United States, and to enforce federal tax liens and judgment liens through judicial sale(s) of those eleven parcels. For these purposes, the United States complains and alleges as follows:

**Jurisdiction, Parties, and Property**

1. The Court has jurisdiction over this civil action pursuant to 28 U.S.C. §§ 1331, 1340, and 1345, and 26 U.S.C. § § 7402 and 7403.
2. Plaintiff is the United States of America.
3. Halo Investments, LLC is the record title holder of the parcels of real property as to which the United States seeks to enforce its liens.

4. There are eleven parcels of real property, all of which are located in Cuyahoga County, Ohio (collectively “the Properties”), upon which the United States seeks to enforce its tax liens.

- a. Property 1 is located at 3825 Mayfield Road, Cleveland Heights, Ohio 44121 and has the legal description as follows:

Situated in the City of Cleveland Heights, County of Cuyahoga and State of Ohio: and known as being all of Sublot No. 53-B in John A. Spectrino’s Re-Subdivision of part of Original Euclid Township Lot No. 22, as recorded in Volume 161, Page 19 of Cuyahoga County Map Records; said Sublot having a frontage of 88.00 feet on the Northerly side of Mayfield Road (80 feet wide) and extending back between parallel lines of equal depth, 122.00 feet, the Westerly line of said Sublot being also the Easterly line of Edenale Street (50 feet wide,) be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 683-03-094

On December 9, 2013, C-2000, Inc. transferred Property 1 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 1. The transfer was recorded on December 12, 2013.

- b. Property 2 is located at 1464 Sherbrook Road, South Euclid, Ohio 44121 and has the legal description as follows:

Situated in the city of South Euclid, County of Cuyahoga and State of Ohio: And known as being Sublot No. 79 in Walter H. Tellings Oakwood Terrace Subdivision of part of Original Euclid Township Lot No. 63, Tract, Tract No. 2, as shown by the recorded plat in Volume 76 of Maps, Page 1 of Cuyahoga County Records and being 50 feet front on the Westerly side of Sherbrooke Avenue and extending back of equal width 130 feet, as appears by said plat.

Permanent Parcel No.: 704-01-074

On December 9, 2013, C-2000, Inc. transferred Property 2 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 2. The transfer was recorded on December 12, 2013.

- c. Property 3 is located at 4138 Hinsdale Road, South Euclid, Ohio 44121 and has the legal description as follows:

Situated in the City of South Euclid, County of Cuyahoga and State of Ohio, and known as being Sublot No. 56C in a Re-Allotment of Miramar-Golf Subdivision of part of Original Euclid Township Lot No. 64, Tract 2, as shown by the recorded plat in Volume 114 of Maps, Page 17 of Cuyahoga County Records, as appears by said plat.

Permanent Parcel No.: 704-11-093

On December 9, 2013, C-2000, Inc. transferred Property 3 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 3. The transfer was recorded on December 12, 2013.

- d. Property 4 is located at 1303 Winston Road, South Euclid, Ohio 44121 and has the legal description as follows:

Situated in the City of South Euclid, County of Cuyahoga and State of Ohio: And known as being Sublot No. 223 in the Mayfields on Belvoir Boulevard Subdivision No. 2 of part of Original Euclid Township Lot No. 62 Tract No. 7, as shown by the recorded plat in Volume 70, Page 26 of Cuyahoga County Records, and being 40 feet front on the Easterly side of Winston Road, and extending back 154.05 feet on the Northerly line, 153.97 feet on the Southerly line, and having a rear line of 40 feet, as appears by said plat, be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 702-04-029

On December 9, 2013, C-2000, Inc. transferred Property 4 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 4. The transfer was recorded on December 12, 2013.

- e. Property 5 is located at 1626 Coventry Road, Cleveland Heights, Ohio 44118 and has the legal description as follows:

Situated in the City of Cleveland Heights, County of Cuyahoga and State of Ohio: And known as being Sublot No. 178 and part of Sublot No. 179 in the Coventry-Mayfield Land Company's Subdivision of part of Original Euclid Township Lots Nos. 6 and 7 in Tract No. 9 as shown by the recorded plat in Volume 51 of Maps, Page 1 of Cuyahoga County Records and together forming a parcel of land bounded and described as follows: Beginning on the Westerly line of Coventry Road, at the Northeasterly corner of said Sublot No. 178, thence Southerly along said Westerly line of Coventry Road, 50 feet to the Southeasterly corner of said Sublot No. 178, thence Westerly along the Southerly line of said Sublot No. 178, 152-8/100 feet to the Southwesterly corner of said Sublot No. 178; thence Northerly along the Westerly line of Sublot Nos. 178 and 179, 49-77/100 feet; thence Easterly about 148 feet to the place of beginning, be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 702-04-029

On December 9, 2013, C-2000, Inc. transferred Property 5 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 5. The transfer was recorded on December 12, 2013.

- f. Property 6 is located at 1650 Coventry Road, Cleveland Heights, Ohio 44118 and has the legal description as follows:

Situated in the City of Cleveland Heights, County of Cuyahoga and State of Ohio: And known as being the Northerly 40 feet from front to rear of Sublot No. One Hundred Seventy-Three (173) in the Coventry-Mayfield Land Company's Subdivision of part of Original Euclid

Township Lot Nos. 6 and 7, Tract No. 9, as shown by the recorded Plat of said Subdivision in Volume 51 of Maps, Page 1 of Cuyahoga County Records. Said part of Sublot No. 173 has a frontage of 40 feet on the Westerly side of Coventry Road and extends back between parallel lines 152 08/100 feet, as appears by said Plat, be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 684-01-010

On December 9, 2013, C-2000, Inc. transferred Property 6 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 6. The transfer was recorded on December 12, 2013.

- g. Property 7 is located at 4102 Princeton Boulevard, South Euclid, Ohio 44121 and has the legal description as follows:

Situated in the City of South Euclid, County of Cuyahoga and State of Ohio: And known as being Sublot No. 145 in the Williams T. Arnos Belvoir Monticello Subdivision of part of Original Euclid Township Lots Nos. 19 and 60, Tract 7, as shown by the recorded plat in Volume 115 of Maps, Page 2 of Cuyahoga County Records and being 50 feet front on the Southeasterly side of Princeton Boulevard and extending back 88.91 feet on the Northeasterly line, 117.82 feet on the Southwesterly line and having a rear line of 43 feet, as appears by said plat, be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 701-13-102

On December 9, 2013, C-2000, Inc. transferred Property 7 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 7. The transfer was recorded on December 12, 2013.

- h. Property 8 is located at 1550 Genesee Road, South Euclid, Ohio 44121 and has the legal description as follows:

Situated in the City of South Euclid, County of Cuyahoga and State of Ohio: And known as being Sublot No. 21 in

the Walter H. Telling's Oakwood Terrace Subdivision of part of Original Euclid Township Lot No. 63, Tract No. 2 as shown by the recorded plat in Volume 76 of Maps, Page 1 of Cuyahoga County Records and being 50 feet front on the Westerly side of Genesee Road and extending back of equal width 130 feet, as appears by said plat, be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 704-02-042

On December 9, 2013, C-2000, Inc. transferred Property 8 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 8. The transfer was recorded on December 12, 2013.

- i. Property 9 is located at 3754 Fair Oaks Road, South Euclid, Ohio 44121 and has the legal description as follows:

Situated in the City of South Euclid, County of Cuyahoga and State of Ohio: And known as being Sublot No. 238 in the Seltzer Round Company's Monticello Subdivision of part of the Original Euclid Township Lots 18, 19, and 60 in Tract No. 7, as shown by the recorded plat in Volume 109 of Maps, Page 30 of the Cuyahoga County Records, and being 40 feet front on the Southerly side of Fair Oaks Road and extending back between parallel lines 130 feet as appears by said plat, be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 701-02-018

On December 9, 2013, C-2000, Inc. transferred Property 9 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 9. The transfer was recorded on December 12, 2013.

- j. Property 10 is located at 2091 Rossmoor Road, Cleveland Heights, Ohio 44118 and has the legal description as follows:

Situated in the City of Cleveland Heights, County of Cuyahoga and State of Ohio is described as follows:  
Known as being Sublot No. 192 in the Meadowbrook Land

Cedar-Taylor Subdivision of part of Original Euclid Township Lot No. 16, Tract 1, as shown by the recorded plat in Volume 58 of Maps, page 20 of Cuyahoga County Records, and being 40 feet front on the Easterly side of Rossmoor Road, and extending back of equal width 130 feet as appears by said plat, be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 687-05-084

On December 9, 2013, C-2000, Inc. transferred Property 10 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 10. The transfer was recorded on December 12, 2013.

- k. Property 11 is located at 4030 Stonehaven Road, South Euclid, Ohio 44121 and has the legal description as follows:

Situated in the City of South Euclid, County of Cuyahoga and State of Ohio, and known as being Sublot No. 44A in a Re-Allotment of Golf Park Subdivision of part of Original Euclid Township Lots No. 64 and 65, Tract No. 2, as shown by the recorded plat in Volume 114 of Maps, Page 40 of Cuyahoga County Records, and being 40 feet front on the Southerly side of Stonehaven Road, and extending back of equal width 136 feet, as appears by said plat.

Permanent Parcel No.: 704-13-079

On December 26, 2013, C-2000, Inc. transferred Property 11 to Halo Investments, LLC by quit claim deed for \$10, which C-2000 received as its full satisfaction for Property 11. The transfer was recorded on December 30, 2013.

#### **C-2000, Inc.'s Tax Liabilities**

5. A delegate of the Secretary of the Treasury of the United States assessed federal income tax, interest, and statutory additions against C-2000, Inc., as follows:

<b>Tax Year</b>	<b>Amount of Assessment</b>	<b>Balance Due as of January 2, 2017</b>
2007	\$10,678	\$21,702.77
2008	\$25,892	\$48,827.94
2009	\$14,173	\$25,985.39
2010	\$199,698	\$367,527.95
2011	\$172,430	\$310,128.66
2012	\$185,552 \$74,781	\$468,087.95
2013	\$180,141 \$43,209	\$285,375.97
<b>Total: \$1,527,636.63</b>		

6. On August 28, 2017, the United States District Court for the District of Delaware entered a judgment against C-2000, Inc. and in favor of the United States, reducing to judgment the assessments listed in paragraph 5, in the amount of \$1,527,636.63, as of January 27, 2017, plus statutory additions, including interest pursuant to 28 U.S.C. § 1961(c)(1) and 26 U.S.C. § 6621(a)(2), accruing on and after that date until paid. A true and correct copy of the August 28, 2017 judgment is attached as Exhibit A.
7. The failure, neglect, or refusal of C-2000, Inc. to pay the assessments described in paragraph 5 above, following notices of those assessments and demands for payment of the same, gave rise, as of the dates of the assessments, to liens for those liabilities in favor of the United States, pursuant to 26 U.S.C. § § 6321 and 6322, upon all property and rights to property belonging to C-2000, Inc., including the eleven properties described in paragraph 4.



8. In accordance with 26 U.S.C. § 6323(f), a delegate of the Secretary of Treasury filed with the Recorder of Cuyahoga County notices of federal tax liens (“NFTLs”) for the tax liabilities of C-2000, Inc.

**Count I:  
Enforcement of Federal Tax Liens Against the Properties**

9. The United States incorporates by reference paragraphs 1 through 8 of the complaint as if fully set forth herein.
10. In December 2013, C-2000, Inc. transferred all eleven properties described in paragraph 4 to Halo Investments, LLC by quitclaim deed, receiving \$10 in consideration for each property.
11. Just one month later, on January 10, 2014, C-2000, Inc. filed its corporate income tax returns for years 2007, 2008, 2009, 2010, 2011, and 2012, reporting liabilities of \$608,423.00, and nine months later, on September 9, 2014, filed its corporate income tax return for 2013, reporting liabilities of \$180,141.00.
12. Under the Ohio Uniform Fraudulent Transfer Act (“UFTA”), Ohio Rev. Code § 1336, the transfers of the Properties, as described in paragraph 4, by C-2000, Inc. by purported quitclaim deeds to Halo Investments, LLC were fraudulent as to the United States.
13. Upon information and belief, C-2000, Inc. did not receive equivalent value in exchange for the transfer of the Properties to Halo Investments, LLC. *See* Ohio Rev. Code § 1336.04(A)(2).
14. At the time C-2000, Inc. transferred the Properties, C-2000, Inc. intended to incur, or believed or reasonably should have believed that it would incur, debts beyond its ability to pay as they became due, specifically including the tax liabilities described in paragraphs 5-8, above. *See* Ohio Rev. Code § 1336.04(A)(2)(b).

15. Because C-2000, Inc. did not timely file tax returns and was not paying its tax debts at the time of the transfers, it is presumed insolvent as of that time. *See* Ohio Rev. Code §§ 1336.02(A)(2).
16. Moreover, C-2000, Inc.'s transfer of the Properties to Halo Investments, LLC was intended to hinder, delay, or defraud the United States. *See* Ohio Rev. Code § 1336.04(A)(1).
17. Upon information and belief, at the time of the transfers, the Properties were a substantial amount of C-2000, Inc.'s assets. *See* Ohio Rev. Code § 1336.04(B)(5).
18. Furthermore, soon after transferring the Properties, C-2000, Inc. closed its bank accounts and ceased to operate as a business. *See* Ohio Rev. Code § 1336.04(B)(7).
19. The transfer of the Properties occurred shortly before C-2000, Inc. filed its corporate income tax returns for the previous seven years reporting \$788,564.00 in tax liabilities. *See* Ohio Rev. Code § 1336.04(B)(10).
20. The transfers were fraudulent within the meaning of the UFTA as evidenced by the allegations set forth in paragraphs 9 through 19, which allegations are incorporated by reference and realleged as if fully set forth herein, and other facts to be discovered and proven at trial.
21. Because the transfers in December 2013 to Halo Investments, LLC were fraudulent under Ohio Rev. Code § 1336.01 *et seq.*, they are void as to the United States, and the United States should be entitled to enforce the liens described in paragraphs 5 through 8 against C-2000, Inc.'s interests in the Properties.

**WHEREFORE**, Plaintiff United States of America requests the following relief:

- A. A determination that C-2000, Inc. fraudulently transferred title to the Properties to Halo Investments, LLC, and that consequently those transfers are void as to the United States;
- B. A determination that the United States has valid and enforceable federal tax liens and judgment liens against the Properties;
- C. An order enforcing the federal tax liens against the Properties pursuant to 26 U.S.C. § 7403 by ordering the sale of the Properties, which shall be sold, free and clear of all rights, titles, liens, claims, and interests of the parties to this action, with the net proceeds of the sales to be applied toward the federal tax liabilities and judgment liabilities described above; and,
- D. the United States is entitled to such further relief as the Court may deem just and proper.

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